

## In-Service Transfers

Funds from your Choice Plan 401(k) account may be transferred (while you are still working) to the PERSI Base Plan to repay separation benefits, waiting periods or delinquent contributions. Call 1-800-451-8228.

## Distribution Options

The full value of your account is available to you or your beneficiary at retirement, termination of employment, death or disability. Depending on your individual circumstances, you may choose from a number of payment options including:

- a lump sum;
- monthly installment payments;
- a rollover to an eligible retirement plan\*;
- purchase of PERSI Base Plan service;
- leaving your assets in the plan; or
- a combination of options.

Information on the distribution options and the tax consequences of your distribution will be sent to you when you request a Distribution Kit via phone or website.

## Record Keeping Fees

As long as you are an active PERSI Base Plan member, PERSI will pay the record keeping fees for you. If you end PERSI-covered employment and decide to leave your money in the Choice Plan, you will be responsible for the record keeping fees (currently \$30 annually). The fees will be assessed against your account monthly, beginning with the calendar month starting 90 days after the date you terminate or retire.

## Quarterly Statements

Each quarter you will receive a Choice Plan statement containing comprehensive account information including fund performance, contribution activity and fund activity during the quarter. *PERSpectives*, a newsletter that covers topics including current market commentary, retirement planning tips, new retirement legislation and more, is included with your statement.

*\* Eligible retirement plans include the following: 401(a), 401(k), 403(a), 403(b), governmental 457, and Pre-tax IRA .*

*For more complete information on each fund offered, including the risks associated with each fund, please call the Voice Response System and ask for a fund prospectus or fact sheet. The prospectus or fact sheet offers more detailed information, including fund fees and expenses. This should be read carefully before investing or changing any investment option.*

*Securities are not FDIC-insured. They are not bank deposits, bank obligations or bank-guaranteed. They pose investment risks, including the risk of principal loss. Past performance is no guarantee of future results. Share price and investment returns fluctuate and an investor may receive more or less than original cost upon redemption.*

## 24-Hour Account Information

You may access your account information 24 hours a day by calling the Voice Response System or by visiting the Choice Plan website. You may change your investment elections, transfer balances, request a loan or withdrawal and change your Personal Identification Number (PIN). You also may look up fund prices and fund performances, link to other investment sites and use retirement calculators that can help you plan for the future.

The Voice Response System and website are available 24 hours a day, seven days a week. To speak with a Customer Service Representative, call the Voice Response System between 7 a.m. and 6 p.m. MT, Monday through Friday.

To access personal account details online, 128-bit encryption is required. This ensures maximum security for your personal account information. Convenient links and instructions for upgrading encryption for the more popular browsers have been provided in the System Requirements section of the Site Guide.



Call toll-free **1-866-ID-PERSI** or visit **[www.persi.state.id.us/choice.htm](http://www.persi.state.id.us/choice.htm)** for information on all aspects of the Choice Plan 401(k).

## Who Can Join

All active PERSI Base Plan members may immediately join the PERSI Choice Plan 401(k). Employees who are members of the Firemen's Retirement Fund, the Judge's Retirement Fund and the Department of Labor Retirement Plan are also eligible to participate in the Choice Plan 401(k).

## Voluntary Pre-Tax Contributions

Through convenient payroll deductions, you may save 1 - 100% of your gross income (including overtime) on a pre-tax deferral basis. An annual minimum contribution of \$130 divided by your number of yearly paychecks is required. (Examples: \$130/52 paychecks a year = \$2.50 per paycheck; \$130/26 paychecks a year = \$5 per paycheck.)

The Internal Revenue Service limits the annual amount that you may save through pre-tax contributions in your 401(k), 457 and/or 403(b) plans. For 2004, the amount is \$13,000. If you contribute to both a 457 and 401(k), the annual combined contribution limit is \$26,000 (\$13,000 maximum in each plan). If you contribute to both a 403(b) and a 401(k) plan, the combined annual contribution limit is \$13,000. This amount will increase in \$1,000 increments until 2006, after which it will be adjusted annually in \$500 increments.

## Catch-Up Provisions

If you will be age 50 or older in 2004, you may make additional catch-up contributions of up to \$3000 to the Choice Plan. This amount will increase in \$1000 increments until 2006, after which it becomes subject to indexation.

## How To Enroll

To enroll, complete an Enrollment Form and return it to your Payroll Clerk. Your contributions will begin as soon as

administratively possible (usually the next pay cycle). Contributions will initially be invested in the default PERSI Total Return Fund. If you want some or all of your contributions invested among the other fund options, you can change your investment elections via the telephone Voice Response System or the Internet.

## PERSI Gain Sharing Contributions

PERSI may make a Gain Sharing deposit into your Choice Plan account each year. The Gain Sharing amount (if any) is based on funding levels in the PERSI Base Plan. Eligibility for Gain Sharing requires active PERSI Base Plan membership and 12 months of service as of the fiscal year-end (June 30).

## Rollovers Into The Choice Plan

The Choice Plan accepts rollovers of all eligible rollover distributions from the following plans:

- 401(a)
- 457 (governmental)
- 401(k)
- Pre-tax IRAs
- 403(a)
- Spousal beneficiaries
- 403(b)

After-tax contributions cannot be rolled into the Choice Plan.

## Vesting

Vesting is your "ownership" of your Choice Plan funds. You are 100% vested to all money in your Choice account.



Investment Options

The investment options in the Choice Plan 401(k) give you great flexibility in building your savings portfolio. You may allocate your assets in 1% increments among the investment options listed below.

If you do not indicate how you want your contributions to be allocated among the Choice Plan investment options, a default investment election of 100% in the PERSI Total Return Fund will be made.

Investment Election Changes And Account Balance Transfers

Mellon HR Solutions is the Record Keeper for the Choice Plan and will value your account daily. You may obtain your account balance and change your investment options on any market trading day. Simply call the Voice Response System or make changes online. A confirmation statement indicating your transactions will be mailed to you within two business days.

All balance transfers executed by the close of the New York Stock Exchange, normally 4 p.m. ET, will be processed the same business day. Otherwise, transfers will occur the next business day.

Deferral Percent Election Changes

You may change your salary deferral percentage at any time by completing a new Salary Reduction Agreement and submitting it to your Payroll Clerk. Upon receipt by Mellon, a confirmation will be mailed to you within two business days and the change will be effective as soon as administratively possible (usually the next pay cycle).

Loans

While your PERSI Choice Plan account is intended for retirement, loans are permitted for any reason during employment. You may have only one outstanding loan at a time from the Choice Plan. The minimum loan amount is \$1,000. The maximum loan amount is the lesser of \$50,000, or 50% of your account balance excluding Gain Sharing amounts. The interest rate for all new loans will be the Prime Rate plus 1%. The repayment period may be up to five years for a general purpose loan and up to 10 years for the purchase of a primary residence.

In-Service Withdrawals

You may request in-service “non-hardship (rollover)” or “hardship” withdrawals while you are actively employed.

**Rollovers** A non-hardship (rollover) withdrawal of any rollover contributions in your account can be made for any reason. A rollover withdrawal is subject to a mandatory 20% federal income tax withholding unless it is rolled over to an eligible retirement plan. It also may be subject to a federal 10% early distribution penalty if you are under age 59½.

**Hardships** A hardship withdrawal may only be taken for:

- payment of post-secondary tuition;
- unreimbursed medical expenses;
- purchase of a primary residence; or
- to prevent eviction or foreclosure of your primary residence.

To receive a hardship withdrawal, you must satisfy certain conditions including exhausting the loan and non-hardship withdrawal options. The amount of the withdrawal cannot exceed your pre-tax contributions. Gain Sharing contributions are not available for hardship withdrawal. If you do take a hardship withdrawal, you may not make contributions to the Choice Plan for six months.

A hardship withdrawal may not be rolled over but is not subject to the 20% federal withholding tax. You may elect a withholding percent with the default being 10%. You may be subject to the federal 10% early distribution penalty if you are under age 59½.



Investment Options											
<b>SEI Stable Value Fund</b> A collective investment trust fund, which seeks to provide preservation of principal and a stable market value. The fund also seeks to maximize current yield while closely tracking intermediate term interest rates. The fund invests in a diversified portfolio of stable value contracts issued by high quality banks, insurance companies and other financial institutions.			Ticker Symbol: N/A			<b>Mellon Wilshire 5000 Stock Index Fund</b> A collective fund strategy that seeks to match the performance and characteristics of the Wilshire 5000® Index by allocating to S&P 500 Index and the Wilshire 4500® Index funds in market weighted proportions. It provides long-term capital growth from exposure to stocks that represent the entire U.S. market. The funds hold a majority of the large to medium stocks in the Index and sample from the remaining smaller securities.			Ticker Symbol: N/A		
<b>Mellon Aggregate Bond Index Fund</b> A collective fund that seeks to replicate the performance and characteristics of the Lehman Brothers Aggregate Index, a broad fixed-income index covering the U.S. investment grade bond market. The fund provides a moderate rate of income by investing in U.S. government, corporate, mortgage-backed and asset-backed securities. The fund samples from bonds in the index, mirroring index sector weights.			Ticker Symbol: N/A			<b>Vanguard® Growth &amp; Income Fund</b> A growth and income fund, that seeks long-term growth of capital and income from dividends. Seeks stocks that appear to be undervalued by the market and that, as a group, appear likely to provide higher returns than the unmanaged S&P 500 Index, while having similar risk characteristics.			Ticker Symbol: VGIAX		
<b>Dodge and Cox Fixed Income Fund</b> A fixed income fund, which seeks a high and stable rate of current income, consistent with long-term preservation of capital. A secondary objective is to take advantage of opportunities to realize capital appreciation.			Ticker Symbol: DODIX			<b>Dreyfus Premier Midcap Stock R Fund</b> A mid-cap fund which seeks investment returns (consisting of capital appreciation and income) that are consistently superior to the S&P 400 Midcap Index. The fund invests at least 65% of total assets in a blended portfolio of growth and value stocks of medium-size companies whose market values range between \$200 million and \$10 billion.			Ticker Symbol: DDMRX		
<b>PERSI Total Return Fund</b> Invests the same as the Base Plan. It is a diversified fund that generally invests 45% to 55% in US equities, 15% to 25% in international equities and 30% in fixed income securities. Includes primarily publicly traded stocks and bonds with some private holdings in real estate, private equity and commercial mortgages.			Ticker Symbol: N/A			<b>T. Rowe Price Small Cap Stock Fund</b> Seeks long-term growth of capital by investing primarily in the common stocks of small companies. It tempers the generally higher risk of small company securities by investing in both growth- and value-oriented stocks.			Ticker Symbol: OTCFX		
<b>Mellon S&amp;P 500 Stock Index Fund</b> A collective fund that seeks to match the performance and characteristics of the Standard & Poor’s 500® Index. The fund provides long-term capital growth by investing in the stocks of large domestic companies. The fund holds each stock in proportion to its weight in the Index.			Ticker Symbol: N/A			<b>Mellon International Stock Index (EAFE) Fund</b> A collective fund that seeks to match the performance and characteristics of the MSCI EAFE® Index. The fund provides long-term capital growth by investing in international stocks of 20 developed countries. The fund holds each stock in proportion to its weight in the Index.			Ticker Symbol: N/A		
						<b>Brandes International Equity Fund</b> An equity fund, which seeks long-term capital appreciation. The fund invests at least 65% of assets in equities of issuers in no less than three foreign countries. The fund typically invests in large-cap companies.			Ticker Symbol: BIIEX		

Relative Risk & Return												
Conservative	SEI	Mellon	Dodge and Cox	PERSI	Mellon	Mellon Wilshire	Vanguard®	Dreyfus	T. Rowe Price	Mellon	Brandes	Aggressive
	Stable	Aggregate	Fixed Income	Total Return	S&P 500	5000 Stock	Growth &	Premier	Small Cap	International	International	
	Value	Bond Index	Fund	Fund	Stock Index	Index Fund	Income	Midcap	Stock Fund	Stock Index	Equity	
	Fund	Fund		Fund	Fund	Fund	Stock R Fund		(EAFE) Fund	Fund		

